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"GMO-Free" Labeling of Food Products in Moscow 2007

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Report Highlights:

Beginning July 1, 2007, food producers may voluntarily test their products for ingredients made from products of biotechnology through the Moscow city government. Products without biotechnology-origin ingredients may be marked with a special label, "Does not contain GMO!" The Moscow city resolution stipulating this also outlines measures for informing the public about companies that use biotech products. Other provisions in the resolution allow the city of Moscow to force biotech labeling on major food processors. As a result, the price of food products is expected to increase, as producers must pay for testing and for more expensive non-biotech ingredients. Due to Moscow's disproportionate share of wholesale and retail food trade, these actions will influence the Russian food market nationwide.

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Executive Summary

The Mayor of Moscow recently signed a resolution stating that beginning July 1, 2007, food producers can voluntarily test their products for biotech ingredients through city government laboratories. Products without biotech ingredients will receive a special label "Does not contain GMO!" The labeling is voluntary and label permits are issued by the Moscow city government free of charge. However, the resolution also outlines measures to inform the public and consumer organizations about enterprises that do not inform the public of biotech presence.

The resolution also states that money from the Moscow city budget may not be used to purchase any food products containing biotech ingredients. Since the city government has considerable influence on enterprises under its direct and indirect control, it is expected that this voluntary labeling process will lead to a further shrinking of the biotech product market in Moscow. Since producers will turn to more expensive and less readily available non-biotech sources to meet the labeling requirements and will be forced to pay for testing, it is expected that food costs will rise overall.

In 2006, Moscow accounted for about 40 percent of Russia's wholesale turnover of foodstuffs. The Moscow population's share of the value of Russian retail food trade is estimated at about 24 percent. One fifth of the food consumed in Moscow passes through the hands of the Moscow city government's food procurement authority under procurement system. Thus the Moscow city government, through its system of procurement and certification programs for all major activities in the Moscow food sector, exerts substantial influence on food production and trade throughout Russia.

The "Undercurrents" of the "Moscow Resolution on GMO-Free" Labeling

Moscow City Government Resolution #88-PP issued February 13, 2007, "On Additional Measures for Ensuring the Quality and Safety of Food Products, and Informing Consumers in the City of Moscow" introduces voluntary GMO-free labeling of food products produced and sold in Moscow as of July 1, 2007 (the text of the resolution is attached). Along with the introduction of voluntary GMO-free labeling, the intent of the resolution is essentially to ban the use of biotech food products and biotech ingredients in the city of Moscow. The resolution approves some measures designed to enforce a negative public image of agricultural biotechnology and calls for consumer and public organizations' awareness about the "dangers" of biotech products.

Given the administrative controls, quasi-official authorities, and policy instruments used by the Moscow city government to influence decisions of food processing establishments and wholesale and retail chains, the resolution will force producers and traders in Moscow "voluntarily" to avoid use of biotech ingredients and products, and to register their products as GMO-free.

The resolution sends the following warnings to food producers and traders:

- Paragraph 2 recommends that producers, suppliers and retail traders abstain from production, supply and trade of biotech food products in Moscow.
- Paragraph 10 states that the Moscow City Government and the Moscow City Inspectorate for Quality of Agricultural Products, Raw Materials and Food should prepare proposals and measures for imposing voluntary certification of biotech control systems in the Moscow "food complex".¹

¹ The resolution does not define the term "food complex". It can possibly include producers, wholesalers, distributors, and retailers of food products in the city of Moscow. It should also

- Paragraphs 11, 12, and 13 imply that multiple government agencies in Moscow examine how producers and traders of food products deliver consumer information about presence of GMO. It suggests engaging public organizations in this task, as well as making test results publicly available.
- Paragraphs 19 and 20 envisage the creation of a special register of “unconscientious” (nedobrosovestnyy) producers, sellers and suppliers. It would include those who sell, produce or trade food products containing biotech ingredients without informing consumers of its presence.
- Paragraph 21 expands the previous authority of the Moscow city government to prohibit the procurement of baby food products with biotech ingredients to all food products purchased for government needs or at the expense of the Moscow city government.

Previous Measures of Moscow City Government on biotechnology

The Moscow city government has consistently supported anti-biotechnology campaigns over the past 6 years. In 2005 and 2006, the city took several steps to restrict biotech food production and trade in Moscow, including an initiative by the deputies of the Moscow State Duma to declare Moscow a “GMO-free zone.”

In March 2005, a Coordination Council on Issues of Safety of Food Products Derived from Genetically Modified Sources was created by the City of Moscow. There have never been any similar councils concerning the use of other ingredients in food. The stated goals of this Council were two-fold: to develop measures to monitor the quality and safety of food products containing biotech ingredients, and to develop actions to prevent unlabeled food products derived from biotech sources from appearing in the consumer markets of Moscow. One such measure involved the “priority placing of information in mass media about those food producers that do not use genetically modified sources in processing.”

The only food component specifically outlined as a threat in the Moscow City Ordinance #39 of July 2006 “On the Food Safety (or Security)² of the City of Moscow” is biotech food products. Paragraphs 6 and 7 of the city ordinance stipulate that “[a]gricultural products, raw materials and foodstuffs brought to the city of Moscow in the framework of organized supplies³ shall contain information on the presence or absence of genetically modified sources in its content. Budget resources of the city of Moscow are not allowed to be spent on acquisition of food products with biotech ingredients for supply of pre-school and school education organizations.” During Fall 2006, the Moscow city government extended this rule to all food products procured by the city.

Comments

The city of Moscow's policy is based on the assumption that biotech foods are a potential threat. The label “Does not have GMO!” is aimed at warning consumers of the “dangers” of biotechnology, rather than at providing true consumer choice. Out of myriad potential threats associated with deteriorating food quality and the presence of hazardous residues,

be noted that it is unclear whether the measures are intended to create voluntary certification, or to create control systems for biotech foods. As written, it can be interpreted either way.

² Russian word “bezopasnost” can be translated as either safety or security. The law covers both issues, and the title of the law can be translated both ways.

³ “Organized supplies” are possibly supplies at the expense of and/or on the order of the Moscow city government.

biotech foods have been singled out by the government as an item deserving special attention.

In 2007, the city of Moscow will allocate more than 50 million rubles (a little under \$2 million) to equip GMO testing laboratories in each municipal district rather than investing this money in food quality and improvement research. Although the biotech-free label is issued free of charge, producers and traders are required to test their products for the presence of GMOs at their own expense. According to industry experts, the price of the test for biotech presence will be 3,000 rubles (US \$115), and the price to determine biotech concentration in foods will be 6,000 rubles (US \$230). Consequently, the final price of biotech-free food products will increase by the price of testing, and the price difference between biotech and more costly identity-preserved non-biotech ingredients.

Other experts anticipate that the biotech-free labels will force small food processors, traders and importers out of the Moscow food market. As a result, Moscow consumers will have fewer food choices than they had before.

Information on the ingredients that replace biotech proteins is not required. Thus, substitution of soy proteins with offal, such as less digestible animal tissue proteins, is being forced on manufacturers of sausage and other processed meat products. Avoidance of biotech foods could well ultimately result in deterioration of the quality and healthfulness of food products in Moscow.

Text of Moscow City Government's Resolution #88 (unofficial translation)

Begin text

MOSCOW GOVERNMENT

RESOLUTION

February 13, 2007 # 88-PP

On Additional Measures for Ensuring the Quality and Safety of Food Products, and Informing Consumers in the City of Moscow

In an effort to create conditions for implementing the rights of consumers including the right to receive complete and reliable information about goods, for making the right choice, for ensuring quality and safety of food products on the territory of the city of Moscow, the Moscow Government decrees:

1. It shall be taken into consideration that in accordance with point 2 of Article 10 of the Russian Federation Law dated February 7, 1992, #2300-1 "On Protection of Consumers Rights", information about goods must contain without fail data regarding the main consumer properties, including information on whether the food products contain components obtained through the use of genetically engineered and modified organisms (hereinafter GMO). This information is to be brought to consumers' attention by the manufacturer (executor, salesman) him(her)self.

2. It shall be recommended to producers, suppliers and retailers to refrain from manufacturing, supplying and marketing any food products that contain GMO on the territory of the city of Moscow.

3. Beginning from July 1, 2007, voluntary labeling of food products (foodstuffs) claiming that they do not contain GMO shall be introduced.

4. It shall be determined that manufacturers or salesmen implement voluntary labeling of food products with "Does not contain GMO!" markings at their own expense on

the basis of a permit allowing use of the "Does not contain GMO!" marking that is received for every type, name of a manufactured and/or marketed food product in accordance with the results of testing (trial) that was carried out through a qualitative method in compliance with national standards.

5. The Moscow City Consumer Market and Services Department is authorized to issue permits that allow to use of "Does not contain GMO!" marking, in accordance with the opinion of the Commission for issuing permits to label food products as not containing GMO (Attachment 3).

Payment for issuing a permit is not collected.

6. The following shall be approved:

6.1. Description of the "Does not contain GMO!" marking that is used for voluntary labeling of food products (p.3) in accordance with Attachment 1 to the present Resolution,

6.2. Provision of procedures regarding the issuance of permits to use the "Does not contain GMO!" marking (Attachment 2),

6.3. List of members of the Commission for issuing permits to label food products not containing GMO (Attachment 3).

7. The Moscow City State Inspectorate for Quality of Agricultural Products, Raw Materials and Food, the Moscow City Veterinary Committee shall exercise control over GMO absence in food products labeled with the "Does not contain GMO!" marking.

8. The Moscow City Consumer Market and Services Department jointly with interested public organizations shall draft and submit proposals to the Russian Federation Government concerning the approval of requirements as to the ways and means that would provide for bringing a clear message to consumers about GMO presence in food products.

9. Vice Mayor of the Moscow Government Petrov A.V. shall continue this work and report to the Moscow Mayor before March 1, 2007, on the progress of the State Duma's review of the draft Federal Law "On making amendments to Article 6 of the Federal Law dated January 2, 2000, # 29-FZ 'On Quality and Safety of Food Products'" where it relates to giving the authority to control and supervise over the quality and safety of food products to the executive bodies of the administrative territories of the Russian Federation.

10. The Moscow City Food Resources Department jointly with the State Inspectorate for Quality of Agricultural Products, Raw Materials and Food shall draft before July 1, 2007, their proposals and measures related to introduction of the voluntary certification and food quality and safety control systems in the Moscow City food wholesale organizations, including monitoring over GMO presence based on the qualitative analysis.

11. The Moscow City State Inspectorate for Quality of Agricultural Products, Raw Materials and Food jointly with the Federal Service Department for surveillance in the field of consumer rights protection and human well-being in the city of Moscow, the Moscow City Veterinary Committee, the Moscow City Department for Science and Industrial Policy, the Moscow City Food Recourses Department, and the Moscow City Consumer Market and Services Department shall organize audits to verify that the food industry, wholesale and retail trade organizations are complying with legislative requirements as related to bringing to consumers' attention the information on GMO presence in food products and on foodstuff quality and safety monitoring efforts (hereinafter – monitoring) within their authority.

12. The regulatory agencies are recommended to engage public organizations in the audits to verify the quality and safety of food products, in accordance with the established procedure.

13. It has to be taken into consideration that the information received in the course of activities targeted at verifying the compliance of the legislation requirements related to bringing to the consumers' attention the information on GMO presence in food products is public and is to be made widely propagated including with the aid of public organizations.

14. It shall be taken into consideration that the Moscow City Consumer Market and Services Department has been allocated 50,000,000 Rubles in the 2007 Moscow City budget as the government customer to purchase laboratory equipment and carry out lab testing to detect GMO in food products selected in the course of auditing and monitoring activities.

15. The Moscow City Consumer Market and Services Department jointly with the Moscow City Inspectorate for Quality of Agricultural Products, Raw Materials and Food, the Moscow City Veterinary Department shall develop tender documentation and determine criteria before March 1, 2007, to identify winners when government orders are placed to purchase laboratory equipment for GMO detection in accordance with the national standard of the Russian Federation GOST R 52174-2003 "Biological Safety. Raw materials and food products. Method for detection of genetically modified sources (GMS) of plant origin with the use of the biological microchip" (approved by resolution of the State Standards Committee of Russia dated December 29, 2003, #403-st), and to carry out laboratory testing to detect GMO content in food products.

16. The Moscow City Consumer Market and Services Department and the Moscow City State Inspectorate for Quality of Agricultural Products, Raw Materials and Food shall submit their proposals to the Moscow Government before March 1, 2007, concerning the creation of the Testing Center attached to the Moscow City State Inspectorate for Quality of Agricultural Products, Raw Materials and Food to test agricultural products, raw materials and food including GMO detection, at the expense of the Moscow City budget under the "Municipal Food Safety" title.

17. The Moscow City Department for Science and Industrial Policy, the Moscow City Food Resources Department, and the Moscow City Consumer Market and Services Department shall do the following:

17.1. Jointly with the Moscow City Prefectures of the Administrative Districts shall sponsor efforts to communicate extensively to manufacturers, wholesalers and retail traders the information regarding the voluntary labeling of food products as to GMO absence in the food composition accordingly.

17.2. Jointly with the Mayor and Moscow Government Press Service, the Moscow City Telecommunications and Media Committee shall ensure that population is broadly informed on the results of the audits that are carried out to verify the quality and safety of food products, as well as on the introduction of the voluntary labeling of food products as to GMO absence in the food composition.

18. The Moscow City Education Department jointly with the public organizations shall develop the program for the thematic course "Biological Safety of Food Products" to be included in the "Biology" and "Ensuring Health and Safety " subjects in the general educational and professional secondary educational establishments.

19. The Moscow City Consumer Market and Services Department shall create and introduce the Register of Unprincipled Salesmen, Manufacturers and Suppliers that are marketing GMO containing food products against the established requirements to inform the consumers.

20. The Moscow City State Inspectorate for Quality of Agricultural Products, Raw Materials and Food and the Moscow City Veterinary Department shall submit information to the Moscow City Consumer Market and Services Department on rule violators that have been detected in the course of monitoring activities aimed at verifying the compliance with the legislative requirements to inform consumers of GMO presence in food products, to maintain the Register (p.19).

21. The Government Customers - the Moscow City Food Resources Department, the Moscow City Education Department, the Moscow City Population Social Protection Department, the Moscow City Healthcare Department (issues addressed to the proper party) – shall stipulate that GMO absence in procured food products is one of the criteria for application evaluation when calling for tenders to support the Moscow city government needs, and ensure that this condition is met in government sales contracts.

22. Minister of the Moscow City Government Malyshkov V.I. and Minister of the Moscow City Government Baburin A.I. shall supervise implementation of this resolution.

Mayor of Moscow

Yu. M. Luzhkov

Attachment 1

to Moscow Government Resolution
dated February 13, 2007, #88-PP

Description of the "Does not contain GMO!" marking
used for voluntary labeling of food products

Products not containing GMO are marked with "Does not contain GMO!" marking.

The marking represents a circle.

An inscription "Does not contain GMO!" in vivid green is applied on a pale green base.

Attachment 2

to Moscow Government Resolution
dated February 13, 2007, #88-PP

Provision on approval procedures
for use of the "Does not contain GMO!" marking

1. General provisions

1.1. Voluntary labeling of food products claiming that there is no GMO content in their composition is implemented by applying the "Does not contain GMO!" marking, description of which is approved by this resolution, to the food product package.

The "Does not contain GMO!" marking (hereinafter – marking) may also be applied to price stickers, invoices or other accompanying documents that identify the food products.

1.2. The marking is used on the territory of the city of Moscow on the basis of the permit for using the marking (hereinafter – Permit).

1.3. The right to issue the Permit is given to the Moscow City Consumer Market and Services Department on the basis of a decision of the Commission that issues permits for labeling food products not containing GMO (hereinafter – Commission).

Payment for issuing the Permit is not collected.

1.4. Obtaining the Permit and labeling of food products are carried out by legal entities and individual entrepreneurs on a voluntary basis at their own expense for every type, name of a manufactured and/or marketed food product.

1.5. Participants may be legal entities regardless of their form of incorporation and form of ownership, and individual entrepreneurs involved in production, supplies or retail marketing of food products (hereinafter – applicants).

2. Procedures for issuance, suspension and cancellation
of the Permit for the use of the "Does not contain GMO!" marking

2.1. The Moscow City Consumer Market and Services Department (hereinafter – Department) is in charge of the Commission's office management related to receipt of applications, preparation of the Commission meetings, and maintenance of the appropriate register.

2.2. In order to receive the Permit, the applicant submits the following documents to the Department:

- an application to issue the Permit in the format approved by the Department;
- copies of supporting documents (originals shall be presented for verification);
- documents that reflect the laboratory test results with qualitative analysis of the food product as not containing GMO;
- documents to support the legality of production and circulation of the food product, its quality and safety (certificates of conformity, and so on).

The Commission has authority to request the participants to provide other documents required for issuing the Permit.

2.3. The Department's decision to issue (refuse to issue) the Permit shall be communicated to the applicant within five days in writing.

2.4. The grounds for refusal to issue the Permit are as follows:

- the applicant violates the requirements of this Provision;
- the applicant refuses to submit documents requested by the Commission;
- GMO presence in the food products supported by the lab test results.

2.5. The Permit shall specify the following:

- name of the agency that issued the Permit;
- for legal entities – the name and location, registration information ;
- for individual entrepreneurs – the last name, the first name, the patronymic name, data from the identity document (series, number, who and when issued), data on the state registration at the place of residence;
- type of product;
- validity of the Permit;
- the Permit registration number and the date of issue.

The Moscow City Consumer Market and Services Department is responsible for acquiring, accounting, and safekeeping of the forms of permits.

2.6. The Permit is signed by the Head of the Department (in his absence – Deputy Head) and certified by the seal of the Department.

2.7. The Permit is issued for 2 years.

The Permit is extended in accordance with the procedure established for its receipt.

2.8. Should the legal entity be liquidated, reorganized, its name changed, the Permit loses its legal power and is considered void from the moment the legal entity is liquidated or its operations are terminated as a result of its reorganization.

2.9. Legal entities and individual entrepreneurs who received the Permit apply the marking on their own and at their own expense for every type of a manufactured and/or marketed food product.

Legal entities and individual entrepreneurs who received the Permit bear the responsibility for applying the mark, its authenticity, and compliance of the marked food product with the lab test results.

2.10. In case GMO is detected in marked food products the Permit is subject to suspension or cancellation on the basis of decision by the Commission.

Information regarding GMO presence in marked food product may be submitted to the Commission by government regulatory agencies, public organizations, and consumers.